GOVERNMENT OF INDIA
FINANCE
LOK SABHA

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Will the Minister of FINANCE be pleased to state:

(a) the number of tax payers and their proportion to the total population of the country;
(b) whether the Income Tax Department has been directed to widen the tax base and take suitable action against tax evaders and defaulters; and
(c) if so, the details thereof and the action taken in this regard?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) As per the Census-2011, the total population of India is 1,21,08,54,977. The number of taxpayers of income tax for the Financial Year 2015-16 is 5,24,38,971 which works out to 4.33% of the total population of India.

(b) While widening of tax base and action against tax evasion are already core operational functions of the Income Tax Department, the Hon'ble Prime Minister had also during the Conference of Tax Administrators held in June, 2016 asked the Income Tax Department to widen the tax base and take suitable action against the non-filers and tax evaders.

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(c) Though no specific target has been prescribed in this regard, the Government has adopted the following strategies for widening of tax base:-
(i) The Income Tax Department has implemented the Non-Filer Monitoring System (NMS) which analyses and assimilates all in-house information as well as transactional data received from third-parties, including Annual Information Return (AIR), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, Central Information Bureau (CIB) data etc. to identify such persons/entities who have undertaken high value financial transactions but have not filed return. About 1.36 crore non-filers with potential tax liability have been identified under NMS and more than 52 Lakh returns have been filed by the target segment.
(ii) The Government has also taken several other steps for broadening of tax base in India. The mechanisms for collection and verification of financial information have been broadened and strengthened. These include collection of data in respect of various types of high-value transactions from banks and financial institutions and high-value expenditure from commercial establishments in form of Statement of Financial Transaction (SFT). Besides, various legislative measures have been taken to increase the tax base. These include expansion of scope of TDS and TCS by bringing more and more taxable transactions within their ambit. Moreover, quoting of Permanent Account Number (PAN) has been made mandatory for all transactions above Rs. 2 lakh and for specified transactions in respect of property, shares, bonds, insurance, foreign travel, demat account, etc.

As regards action against tax evaders and defaulters, the Government has taken several policy-level initiatives as well as enforcement actions in recent past, including the following measures:
(i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of former Judges of Hon'ble Supreme Court.
(ii) Enactment of a comprehensive law - The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad.
(iii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of benami property and provide for prosecution.
(iv) Proactively furthering global efforts to combat tax evasion/black money by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA).
(v) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information.

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